STRATEGY
RESEARCH
PROJECT

A GUIDEBOOK FOR DEVELOPING STRATEGIC PLANS

BY

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The views expressed in this academic research paper are those of the author and do not necessarily reflect the official policy or position of the U.S. Government, the Department of Defense, or any of its agencies.

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ABSTRACT

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The purpose of this guidebook is to provide information and a suggested planning process to military leaders for developing and executing strategic plans. The planning process will address how to develop, maintain, and use strategic plans (what needs to be done) and related supporting business plans (how to get things done) within DoD organizations and a process for reviewing and updating those plans in the future.

The role of strategic planning is to ensure that the long-term goals and objectives for which an organization is striving to accomplish are the best that can be envisioned today in order to achieve continued success in the future. The strategic planning process presented in this guidebook assumes constant turbulence and change; it anticipates there will be future changes in missions, technology, and customers; and scans for trends that may impact an organization. It assumes opportunities and threats external to the organization as well as strengths and weaknesses internally will continually surface.

The guidebook is organized into three parts. Part one includes information and perspectives on strategic planning; addressing its evolution, benefits, and possible resistance leaders may face from within their organization when implementing a strategic planning process. The second part is an explanation of how to develop a strategic plan using a nine-step process. The third part discusses the development of supporting business plans and techniques for choosing key performance indicators to measure organizational success.

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PREFACE

The purpose of this guidebook is to provide information and a suggested planning process to military leaders for developing and executing strategic plans. The guidebook addresses how to develop, maintain, and use strategic plans (what needs to be done) and related supporting plans or business plans (how to get things done) within DoD organizations and a process for reviewing and updating those plans in the future.

The role of strategic planning is to ensure that the long-term goals and objectives for which an organization is striving to accomplish are the best that can be envisioned today in order to achieve continued success in the future. The strategic planning process presented in this guidebook assumes constant turbulence and change; it anticipates there will be future changes in missions, technology, and customers; and scans for trends that may impact an organization. It assumes opportunities and threats external to the organization as well as strengths and weaknesses internally will continually surface.

The Strategic planning process, which is presented in this guidebook, has been applied to organizations that ranged in size from a training battalion to a large training center and a DoD agency with great success. The key to these organizations successful planning efforts was not their ability to simply follow the steps presented in this guidebook but their ability to communicate to the workforce a compelling need for change and the need for a new and challenging vision for the future. They accomplished this by briefing the workforce in small groups about why the changes were needed and invited each employee to become involved in the process. By placing suggestion boxes throughout the work place and establishing a homepage, each employee was able to provide their suggestions and ideas to the senior leaders developing the plan. Finally, the executive board members provided periodic back briefs to their subordinates on the status of the strategic planning process.

The guidebook is organized into three parts. Part one includes information and perspectives on strategic planning; addressing its evolution, benefits, and possible resistance leaders may face from within their organization when implementing a strategic planning process. The second part is an explanation of how to develop a strategic plan using a nine-step process adopted from Bryson, 1995. The third part discusses the development of supporting business plans and techniques for choosing key performance indicators to measure organizational success.

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A GUIDEBOOK FOR DEVELOPING STRATEGIC PLANS

INTRODUCTION

Strategic-Planning Perspectives

Strategic planning is not a science. At best, it is simply an organized process for helping leaders and organizations achieve goals and objectives, especially during times of change and uncertainty. Therefore, strategic planning helps organizations deal in a proactive manner with the ever-changing environment in which they operate. Although future changes cannot always be predicted, we can be assured that changes will occur (Dent, 1995; Imparato and Harari, 1994).

Some organizations deny that changes are occurring or they respond in a negative manner, while others rush to do something, anything. Even the more positive approaches are all too often reactive—a change occurs and the organization then decides how to deal with it (Champy, 1995; Pritchett and Pound, 1998).

Strategic planning is a proactive method of dealing with change. It helps organizations anticipate changes that can impact them and guides the development of appropriate strategies to take advantage of opportunities or negate the effect of threats. It provides a common direction for an organization's efforts to focus (Bryson, p.10).

A brief discussion of the evolution of strategic planning provides an understanding of the changes that have occurred in the operational environment over the past century.

Evolution of Strategic Planning

Although strategic planning has been taught in business schools since the 1920s, it came into widespread use in the turbulent 1970s when the degree of change started increasing at an accelerating rate (Bean, 1993). Organizations were forced to develop management tools that could accommodate the possibility of change due to—

- Rapid technical advances.

- Environmental awareness.

- Unstable economic conditions, both domestically and in the global arena.

- Stricter government regulations in some areas and increased government deregulation in other areas.

- Increasing globalization of markets and competition.

- Information explosion.

- Decreasing resources.

Different strategic-planning methods were developed to help organizations make long-range decisions. Entire planning departments, staffed by the brightest people, performed financial and quantitative analyses using sophisticated models to determine the correct "numbers." Numerical-growth goals were the norm, with the destiny of many organizations depending on the predictions of the future computed by "ivory tower" corporate planning staffs (Bean, p. 29).

Early strategic planning efforts focused on internal management analysis by senior leaders and a small group of planners, with the primary purpose of producing the "Plan." Frequently, after the plan was produced, it sat on the shelf without being implemented until it was time to update it again. Most organizations now see there is little benefit derived from this focus (Bean, p. 19).

Strategic planning has evolved to the point that it now views the organization in much broader terms and strives to address the organization's internal strengths and weaknesses as well as the opportunities and threats in the external environment that have the greatest potential impact on the organization. Strategic planning in the 1990s focuses on what the customer wants. This critical element was missing in the 1970s. Highly successful organizations now focus on an ongoing strategic-planning process, not solely on producing the plan. It's apparent after reviewing strategic-planning efforts in successful organizations such as American Express, AT&T's Global Business Communications Systems, Texas Instruments' Semiconductor Group, General Electric, and the National Imagery and Mapping Agency that this is the right approach. (Bean, p. 33; Hammer and Stanton 1995; Lowe 1998).

Both (Bean, 1993 and Bryson, 1988) present comprehensive summaries of the basic schools of strategic thinking and their approaches to strategic planning. Recommend the reader review these prior to implementing a strategic planning process within their organization. It will provide great insights to alternative approaches.

Benefits of Strategic Planning

Strategic planning is not a panacea that will anticipate and resolve all the issues associated with the future changes an organization will confront. However, strategic planning will prepare the organization for the impact—either positive or negative—of most future changes and, to a degree, will allow the organization to shape a more desirable future. Implementing a structured planning process will assist the organization in identifying and exploiting new possibilities that arise and will result in improved mission support (Bean, p. 17). The U.S. congress enacted the Government Performance and Results Act of 1993 requiring all government agencies to develop strategic plans in order to improve products and services provided by federal agencies. A review of these strategic plans produced by numerous federal agencies, to include DoD, by the General Accounting Office concluded several improvements should be made (GAO, p. 40). The guidebook may be used to assist the reader who wants to improve existing plans.

Specific benefits of strategic planning include the following:

- Provides a vehicle for decision makers to focus on things deemed most important.

- Builds the bridges to span the communication gaps between senior leadership and working-level members, and encourages all personnel to participate in the success.

- Assesses the external and internal environments.

- Analyzes stakeholders and their performance expectations.

- Ensures the availability of lead time necessary to implement capital intensive or complex strategies.

- Encourages the application of new technology to problems.

- Contributes to the establishment of budgetary goals.

- Helps measure progress against strategic goals.

- Provides the opportunity to prioritize and implement the strategic-planning elements (strategic goals and objectives).

Resistance to Strategic Planning

Although there are many benefits to strategic planning, most organizations encounter initial resistance to implementing a structured strategic-planning process for a variety of reasons. Resistance takes various forms, but generally results from a lack of understanding of the need for the benefits of strategic planning (Bryson, 1988). Leaders must understand these biases will exist within an organization and they should be prepared to address them (Sullivan, 1997, p. 44; Lowe, 1998, p. 71; Pritchett, 1990).

Some of the more common arguments against strategic planning are—

- Strategic planning takes too much time.

- Strategic planning is too complicated.

- Strategic planning will decrease senior management's flexibility.

- Strategic planning is "blue sky" thinking.

- Strategic planning is only for profit-motivated organizations.

- There is no way to strategically plan in the government.

- Strategic planning is only for new ventures, new budgets, and changes.

- Ad hoc studies are adequate to deal with the future.

In Creating Strategic Vision (Smith, Allen, Stewart, Whitehouse, 1987) four reasons are presented as to why DoD managers and leaders avoid strategic planning.

- **Deterministic view of the future.** Many people believe the future is already determined by forces outside their control and the best they can do is adjust to and make the best of the predetermined future. These people deny that strong, aggressive and decisive leaders can make a difference and help shape the future.

- **Long-range plans as threat to authority.** Some people, in both leadership and staff positions, think that it is safer to not plan at all than develop plans that appear to reduce the authority of various people in the organization and lock the organization into one course of action.

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- **Short tenure of leaders and long tenure of some personnel.** The planning horizons of most people usually correspond to the length of time they expect to be in a job. Most military leaders normally stay in a job for 2 to 3 years, resulting in relatively short planning horizons. Conversely, there are staff members whose long tenure causes them to be unreceptive to the strategic-planning process because "we've always done it the other way" or "that is pie-in-the-sky thinking."

- **Bias against centralized planning.** Planning is often associated with governmental control and inefficiency. People frequently cite failures of government programs as proof that centralized planning leads to failure. That, in fact, may be the case if planning is not done properly.

National security matters are too important to allow them to be influenced by this antiplanning bias. The nation's efforts must be leveraged to create world-class organizations and agencies to lead the current revolution in military affairs. Strategic planning is a tool that can help achieve a vision of success for the future.

Axioms of Strategic planning

Experience with strategic planning, both in the private and public sectors, provides several conclusions that are worthy of consideration before an organization begins its own strategic-planning efforts (Institute, 1994; Champy, 1995; Bryson, 1995):

- The same people who are accountable for getting the job done must do the strategic planning. There is some degree of gathering information and analyzing data that is appropriate for staff specialists or subordinate managers to handle. However, defining the mission, vision, and strategy and setting strategic goals and objectives is something that needs to be reserved for the key leadership of the organization.

- The key managers involved must recognize this is an important part of their job duties. Their performance evaluations must cover their performance in relation to success in strategic planning and their attainment/contribution toward strategic goals and objectives. Furthermore, they must be willing to commit the time, energy, and resources required.

- There is one thing for certain about the future—it will be different from what we expect it to be today. No matter how seriously we plan today, in just a few years, the environment will change. In some cases, radical changes as in the past few years.

- If there is not a tight link up with the rest of the program's planning and budgeting process, with a constant infusion of strategic thinking into ongoing operating decisions, management actions will simply evolve into or remain in a largely reactive, crisis-driven, status quo mode.

- Accordingly—Don't spend much time or detailed effort in forecasting elaborate scenarios of the distant future. As General Sulivan states in his book, Hope is not a Method, "Get beyond today by imagining your organization in the future. Postulate a new paradigm, and then imagine your organization in it. **Looking Back from the Future:**
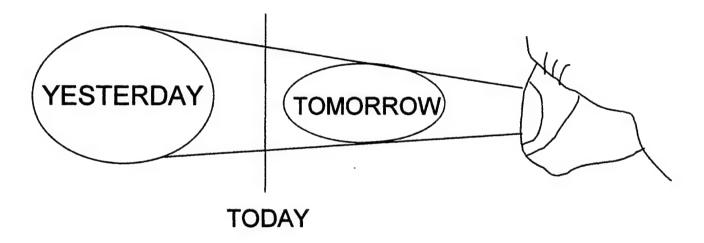
Figure-1

- A key to true success in strategic planning is the willingness and ability of key managers to think beyond today's crises, priorities, and incumbent's desires (self, peers, bosses, and others) and to search for what is the right thing to do in the long-term best interest of the enterprise. The trap that many people fall into is to start thinking about where they are today and try to extrapolate to (1) what they think is possible to achieve or (2) what they think will most please some important stakeholder. The courageous and much needed approach is one where top organization leaders, using the best information available to them, try to envision what is best for their part of the larger organization to accomplish in the best interest of our nation

- Revisit your strategic plan at least annually and update it to reflect the changing world. Establish procedures for an ongoing environmental scan, especially as it relates to planning assumptions.

- The organization's vision, mission, and values should be customer-driven to the extent that every organization exists to serve some external customer base. However, most customers aren't necessarily thinking about the future of other organizations with whom they interact. They simply want products and services to add value to their lives today. Therefore, it is the leadership's job to focus the organization's collective efforts on not only meeting current requirements, but also thinking strategically about the requirements of the future.

- In retrospect, most successful organizations believe that the strategic-planning process is much more valuable than the potential product of a Strategic Plan. It is the debating, the sharing of convictions and doubts, the pondering, and the development of consensus on key issues and ideas that is most valued.
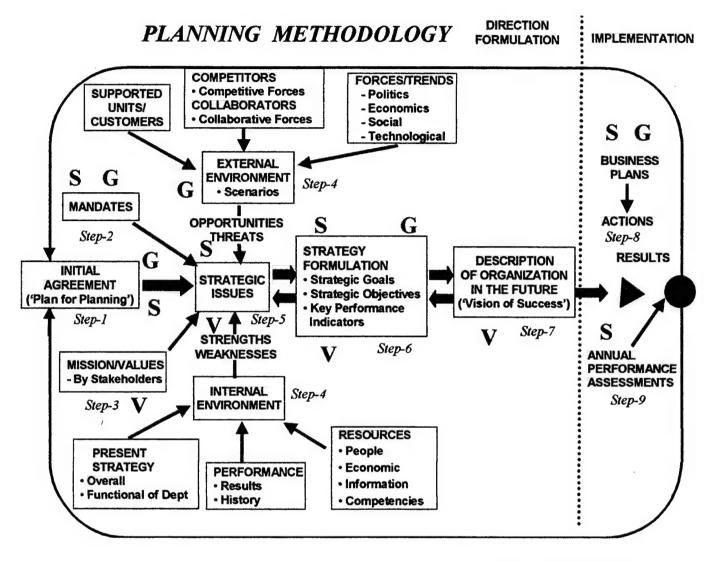
In summary, the observations made in the introductory portion of the guidebook are meant to stimulate and provide the reader with information to assist them in the strategic planning process. The biggest challenge facing the leader will not be in executing the strategic planning process and producing a plan. It will be in preparing the workforce and changing the organizational culture as a result of the new formulated vision, goals, objectives, and subsequent key performance indicators (Champy, 1995).

Strategic-Planning Methodology

Although there are probably as many strategic-planning processes as there are strategic planners, a variation adopted by Bryson (1995) in his book Strategic Planning Process for Public and Nonprofit Organizations is presented as an outline for developing a strategic plan. The process is not presented as a rigid, restrictive, or confining set of rules, but does offer a tailored planning methodology that is relatively simple and straightforward.

The method encompasses the following nine steps:
- Step 1 – Initiating the strategic planning process
- Step 2 – Identify organizational mandates.
- Step 3 – Clarify organizational mission and values.
- Step 4 – Assess the external and internal environments.
- Step 5 – Identifying strategic issues facing the organization.
- Step 6 – Formulating strategic goals, objectives, and key performance indicators
- Step 7 – Describe the organization in the future - the vision.
- Step 8 – Implement the Strategic Plan.
- Step 9 – Annual performance assessments

PLANNING METHODOLOGY

COMPETITORS
• Competitive Forces
COLLABORATORS
• Collaborative Forces

FORCES/TRENDS
- Politics
- Economics
- Social
- Technological

SUPPORTED UNITS/ CUSTOMERS

S G
BUSINESS PLANS

EXTERNAL ENVIRONMENT
• Scenarios

Step-4

ACTIONS
Step-8

RESULTS

S G

G

MANDATES

Step-2

OPPORTUNITIES
THREATS

S G

STRATEGY FORMULATION
• Strategic Goals
• Strategic Objectives
• Key Performance Indicators

G

S

INITIAL AGREEMENT
('Plan for Planning')

Step-1

G

S

STRATEGIC ISSUES

Step-5

DESCRIPTION OF ORGANIZATION IN THE FUTURE
('Vision of Success')

V *Step-7*

V

S

ANNUAL PERFORMANCE ASSESSMENTS

Step-9

MISSION/VALUES
- By Stakeholders

Step-3 **V**

STRENGTHS
WEAKNESSES

V *Step-6*

INTERNAL ENVIRONMENT

Step-4

PRESENT STRATEGY
• Overall
• Functional of Dept

PERFORMANCE
• Results
• History

RESOURCES
• People
• Economic
• Information
• Competencies

Bryson and Roering 1987

Figure-2 Planning Methodology

S = Places where the process typically starts

G = Places where the goal formulation may occur

V = Places where the vision formulation may occur

These nine steps will lead to actions and recommendations by the executive board throughout the planning process. The results from each of these steps should be constantly evaluated as the planning process evolves (Bryson, p.48).   The guidebook now focuses on each step seperately in order to provide the reader with a thourough understanding of the process. Readers can use portions of the process to update existing plans as required.

STRATEGIC PLANNING:
CREATING THE STRATEGIC PLAN

Step 1. Initiating the Strategic-Planning Process

The Executive Board appoints a Strategic-Planning Facilitator Team (Facilitator Team).

The Facilitator Team—
- Develops an action plan to guide development of the Strategic Plan.
- Facilitates plan-development efforts.
- Coordinates the efforts to publish the plan.

The action plan —
- Outlines the desired outcome.
- Defines the strategic-planning methodology.
  — Steps.
  — Sequence of steps.
- Identifies those who will participate in each step.
- Defines participant responsibilities.
- Establishes the coordination/tasking procedures and requirements to facilitate the process.
- Informs each participant regarding their involvement (what, when, and where).
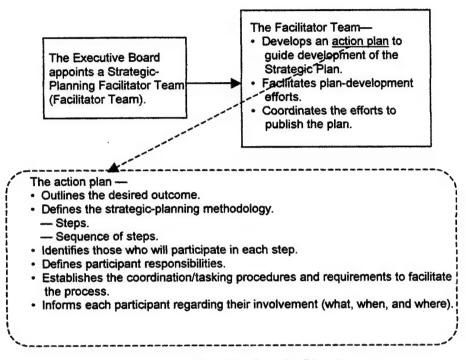
Figure-3 Plan for Planning

Strategic planning is the first of two major efforts in the planning process. The second is business planning, which will be discussed later in the guidebook. Strategic planning is the Executive Board's responsibility. Therefore, it is crucial at this stage to have the full support and buy in of the Executive Board.

The Executive Board should begin by approving a Strategic Planning Facilitator Team (hereafter known as the Facilitator Team) staffed by individuals selected to represent each department and subordinate unit. The Facilitator Team's responsibilities are to develop an action plan to serve as the foundation for developing the Strategic Plan, facilitate efforts, and coordinate efforts to publish the plan. Members of the Executive Board and Facilitator Team must deliberately allocate their time to ensure that appropriate time is available to participate actively and contribute to the strategic-planning effort. Once again, if the organization doesn't consider strategic planning a high enough priority to allocate appropriate resources, the process is doomed to less than total success.

Hammer and Stranton (1995) believe the ideal team member should be skilled at seeing how tasks fit together to form a process, and how process designs come together to form a high performing organization. He belives any engineer would qualify, because engineers live and breathe process and design. Hammer recommends you have a diverse blend of engineers, restless people, and women.

<div style="border:1px solid black;">

The Profile of a Reengineer / Strategic Planner

Process-orientation	Optimism
Holistic perspective	Persistence
Creativity	Tact
Relentless	Team player
Enthusiasm	Communication skills

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Hammer and Stanton, 1995

Table - 1

Hammer has researched several successful reengineering efforts and found that each team member must be dedicated to three things: The strategic planning process, the needs of the customers, and the team itself (Hammer and Stanton, 1995).

Develop an Action Plan

The Facilitator Team will develop an action plan with the support of and approval by the Executive Board. The action plan serves as the foundation for the development of the Strategic Plan.

The action plan should outline the desired outcome of the strategic-planning efforts; define the strategic-planning methodology, including the steps and sequence of the steps in the process; identify who will participate in each step and what their specific responsibilities will be; and establish the coordination/tasking procedures and requirements to facilitate the process. In addition, it should also tell each participant what, when, and where they will be involved.

The purpose of developing an action plan is to—

- Define the Executive Board's commitment to the strategic-planning process.

- Set the planning horizon.

- List the people who will participate and contribute in each step of the process and establish deliverables.

- Outline the major steps and tasks in the process.

- Establish a timetable and sequence of events.

- Identify strategic-planning barriers and the means to overcome them.

Step 2. Determining the Mandates

Examine mandates relevant to the organization.	→	Create a list that contains— • Formal mandates. • Informal mandates. • Actions not ruled out by mandates.	→	Obtain a thorough legal review to ensure that — • The current mission is identified. • All mandates are accounted for. • All mandates are interpreted correctly.
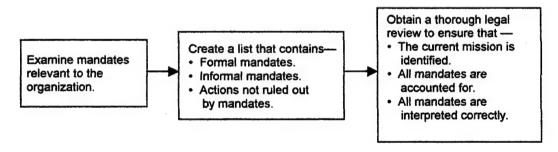
Figure-4

An organization needs to understand its mandates. Mandates can be formal or informal. Formal mandates are tasks that the organization is required to do by law. Examples of formal mandates include Department of Defense (DOD) directives or guidance, international agreements, and policies or regulations. Informal mandates are typically embodied in norms that are no less binding. Mandates define the structure, areas of responsibility, and even the environment in which the organization exists (Bryson, p. 93).

Frequently, organizations think they are more constrained than they actually are. That is, they assume that if they are not specifically tasked to do something, they can't do it or they believe they are doing something today that they have to do. Mandates and the mission of an organization are often confused. The mission is the role an organization fulfills. Mandates are a part of the mission, but the mission of an organization is usually broader than its mandates. Once the mandates are clarified, the Executive Board may decide to recommend changes to the mission statement (Imparato, p. 54 and Bryson, p. 94).
Three clear products should emerge from this step:
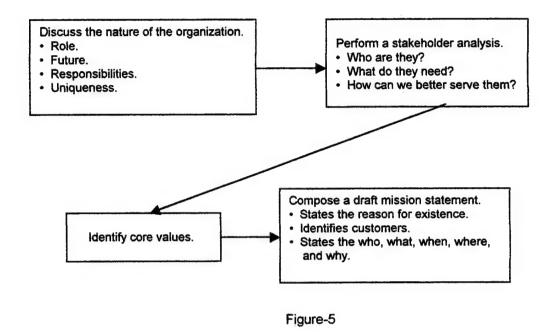
- A list of formal mandates or specified tasks.

- A list of informal mandates or implied tasks.

- A determination of the actions not ruled out by mandates or constraints and restraints (this establishes the boundaries)

Several other questions should be considered in this step:

- What are some things that the organization currently accomplishes, plans to accomplish, or would like to accomplish that are not ruled out by mandates?

- After identifying and clarifying the mandates, what are the things we thought were required to accomplish, but actually are not? This may yield possible divestiture opportunities.

In addition, before the Executive Board considers mission and mandates in detail, a thorough legal review should be accomplished to ensure that the current mission is identified and that all mandates are accounted for and interpreted correctly. This is essential for those dealing with public laws and directives.

Step 3. Clarifying the Mission and Core Values

```
┌─────────────────────────────────────┐        ┌─────────────────────────────────────┐
│ Discuss the nature of the            │        │ Perform a stakeholder analysis.     │
│ organization.                        │───────▶│ • Who are they?                     │
│ • Role.                              │        │ • What do they need?                │
│ • Future.                            │        │ • How can we better serve them?     │
│ • Responsibilities.                  │        │                                     │
│ • Uniqueness.                        │        │                                     │
└─────────────────────────────────────┘        └─────────────────────────────────────┘
```

```
                                        ┌─────────────────────────────────────┐
        ┌──────────────────────┐        │ Compose a draft mission statement.  │
        │                      │        │ • States the reason for existence.  │
        │ Identify core values.│───────▶│ • Identifies customers.             │
        │                      │        │ • States the who, what, when, where,│
        └──────────────────────┘        │   and why.                          │
                                        └─────────────────────────────────────┘
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Figure-5

CLARIFY MISSION

Every organization exists to serve a purpose. The mission, combined with its mandates, is that purpose. This is not meant to imply that all that is needed during this step is a review of the organization's current mission statement. Mission statements in organizations tend to stand for a long period of time. However, they need to be examined and debated periodically by those to whom the organization reports and by those accountable for carrying them out.

A technique for collecting data about who your organization supports; what the customers require, and why, is to conduct a stakeholders analysis. A stakeholder is any person, group, or organization that can place a claim on the organization's attention, resources, or output or is affected by that output. As a point of clarification, a "customer" is a stakeholder for which the organization exists to support. The organization's success depends on satisfying the stakeholders. Therefore, the mission must be defined with the stakeholders interest clearly in mind.

The stakeholder analysis must—

- Identify the stakeholder.

- Define the nature of the stake.

- Identify the stakeholder's criteria for measuring the organization's performance.

- Measure the recent performance of the organization against the criteria.

- Rate the importance of the stakeholder.

- Understand how the stakeholder can influence the organization.

- Identify what the organization requires from the stakeholder.

The stakeholder analysis is used to answer the following questions:

- Who are the customers?

- What are the customers' needs?

- How can the organization better support its customers?

After completing the stakeholders analysis, the Executive Board should have a good idea of who the stakeholders are, how the stakeholders assess performance, a recent assessment of the organization's performance, the relative importance of each stakeholder, how each stakeholder can influence the organization, and what the organization requires from the stakeholders.

This review coupled with a clear understanding of the organization's mandates provide the data to confirm, modify, or develop a new mission statement. The mission statement clarifies the organization's purpose and the specific directives under which it must operate. In general, the mission statement outlines the purpose of the organization, what they do, and for whom they do it.

CORE VALUES

The next action in step 3 is to discuss and agree on what core values the organization will operate under. This is usually a tough issue to resolve, but will prove invaluable in guiding future decisions, especially in difficult and challenging times (Sullivan, p. 57).

Core values are those common values and beliefs that the organization lives by and are reflected in our daily decisions and actions. They show how the organization relates to its environment, how it handles facts and discovers truth, and how it views human nature. For example, in relating to organizational process, a value might be: "We nurture, encourage, and reward innovation, creativity, and risk taking."

This action requires a great deal of introspection by the Executive Board and sincere honesty in the group forum to develop true core values. However, it is highly encouraged that the Executive Board takes whatever time is necessary to fully discuss this issue and develop consensus before proceeding. It is equally important that this not be viewed simply as a paper exercise to come up with a common list of values other organizations live by. Instead, this should be the Executive Board's view of the key elements that leaders throughout the organization will live by and that will be reflected in their daily decisions and actions (Champy, p. 95).

The following are some examples of core values that other organizations have embraced:

- We use resources to the fullest, waste nothing, and do only what we can do best

- We are committed to safety, employee health, and protection of the environment.

- We believe our first responsibility is to the warfighters we support.

As values are established that the organization will live by, remember actions will establish the values, not words. Work hard to ensure no disconnects exist. More often then not the values practiced within an organization do not match the ones affixed to the office walls (Champy, 1995).
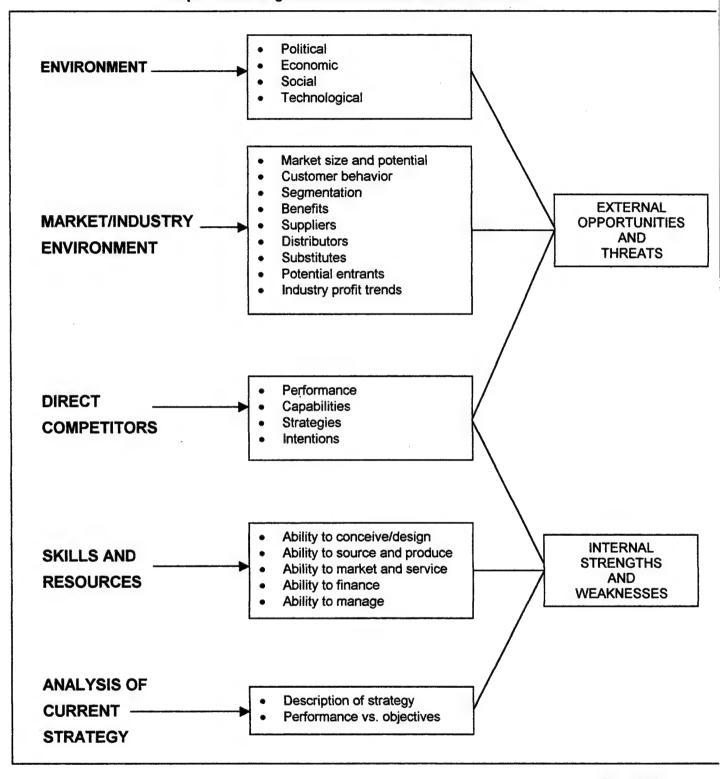
Now that the organization's core values have been identified and in preparation for developing the mission statement, each member of the Executive Board should answer the following questions:

1. Who makes up the organization?

2. What are the basic needs the organization fulfills?

3. What does the organization want to do to recognize, anticipate, and respond to these needs?

4. What should the organization's responses be to its key holders?

5. What makes the organization distinctive or unique?

After individually answering these five questions and reviewing the core values, the Executive Board should divide into small groups, with each group drafting a mission statement. The draft statements should then be discussed by the entire Executive Board to clarify any issues. The group should then collectively draft the mission statement.

It is important throughout the process of developing a mission statement not to get hung up on one issue. If this happens, note the areas of agreement and disagreement and move on. The Executive Board can always come back to the mission statement as more information becomes available in future steps of the strategic-planning process. In fact, the mission statement will no doubt be refined throughout the process. Once a mission statement is agreed upon, it should be posted where the Executive Board meets so that it is always in the forefront of the mind of each Executive Board member. Throughout the strategic-planning efforts, the Executive Board should refer to the mission statement often.

ENVIRONMENT
- Political
- Economic
- Social
- Technological

MARKET/INDUSTRY ENVIRONMENT
- Market size and potential
- Customer behavior
- Segmentation
- Benefits
- Suppliers
- Distributors
- Substitutes
- Potential entrants
- Industry profit trends

EXTERNAL OPPORTUNITIES AND THREATS

DIRECT COMPETITORS
- Performance
- Capabilities
- Strategies
- Intentions

SKILLS AND RESOURCES
- Ability to conceive/design
- Ability to source and produce
- Ability to market and service
- Ability to finance
- Ability to manage

INTERNAL STRENGTHS AND WEAKNESSES

ANALYSIS OF CURRENT STRATEGY
- Description of strategy
- Performance vs. objectives

Day 1990

Figure – 6   Situational Assessment

Environmental Assessment

Know the enemy and know yourself; in a hundred battles you will not be in peril.

-Sun Tzu (circa 500 B.C.)

The principal of an environmental assessment is to focus an organization's strengths against a competitor's weakness, one should follow Sun Tzu and know the organization's capabilities relative to the competition and how well the organization fits into the present and prospective environment (Day, p. 65).

The assessment includes the external environment in which the organization exists and the internal environment in which it operates (Bryson, Harvard policy model, p. 24). The "SWOT Analysis" as it is referred to explores an organization's strengths, weaknesses, opportunities, and threats (Figure-6).

During the external-environment scan, the Executive Board will examine both opportunities and threats that either currently exists or those, which the Executive Board believes, may change or emerge during the planning horizon. These opportunities and threats usually arise from trends in one or more of the following categories: political, economical, social, or technological, commonly referred to by the acronym "PEST". These categories may be affected by changing mandates and expectations, shrinking budgets, changing social attitudes, or proliferation of advanced technology (Bean, p. 140).

Political. This includes regulatory oversight, legislative decisions, and administrative judgements such as interpretations of the evironmental code and legal opinions. The addition or removal of regulatory and legislative constraints can create new opportunities.

Economic. These forces range from the health of the economy, in terms of GNP growth and unemployment, to the level of inflation. In a global economy it is seldom possible to look only at a regional or national economy.

Social. This demension captures both cultural trends and demographic shifts. Culture is meant to be the values and beliefs of society that determine the life-styles, concerns, and habits of customers and employees.

Technological. A business utilizes numerous technologies in all stages of its value creating system. Some may be core technologies, on which manufacturing process or product performance depends, while others are supporting technologies that facilitate information flow.

There are no formulas to guide the choice of environmental factors to consider. Instead, the specific organization will determine what is relevant (Day, p. 67). The Executive Board must realize the importance of adequately addressing both opportunities and threats in these areas. Generally, you should see the results of this effort falling into two broad categories: givens and variables. As the strategic-planning process matures within the organization, executive board members will be tasked to conduct ongoing environmental scanning, especially as it relates to tracking planning assumptions and identifying changes that were not accounted for.

During the internal environment scan, the Executive Board will identify the strengths and weaknesses that help or hinder the accomplishment of the mission and compliance with its mandates. It is also important to note that threats can also be opportunities as weaknesses can be strengths and vice versa (Bean, p.138).

Strengths are derived from superior skills and resources, that taken together gives the organization the ability to do more or do it better than the competitors. Weaknesses are deficiencies or constraints that inhibit the ability of an organization to out perform or even match competitors.

There are three major categories that should be assessed in the internal environment. Assess them as they exist today, how they may change, or as they may emerge during the planning period.

- Resources (inputs)

- Strategy (process).

- Performance (outputs).

A comprehensive "strengths–weaknesses analysis" should examine all facets of the organization, including the functional *abilities* to:

1. *Conceive and design*, including marketing and tecnological research capabilities and designs, and funding available to support innovation.

2. *Source*, in terms of assured access to materials, ability to manage a supply network, and achieve low input costs.

3. *Produce*, with respect to costs, quality, productivity, capacity, readiness to serve, and flexibility of manufacturing.

4. *Market*, including coverage of the served market, knowledge of customers, breadth of products and services, response to customers, ability to promote.

5. *Finance*, which considers both the sources and amounts of funding, the ability of the organization to generate income, and the willingness of the congress to finance future growth.

6. *Manage*, including leadership; depth of experience in the business, planning capability, loyalty and turnover, ability to work as a team, and effectiveness of systems and controls.

General questions regarding each of the categories above include:

- What are the organization's strengths?
- What are the organization's weaknesses?
- What are the impacts of these strengths and weaknesses on the organization and mission?

A frequent shortcoming of these internal analyses is that they often produce a list of possibilities that fail to isolate a few that are going to be important in the future. Why are these analyses so often unsatisfactory? First the judgements are often made without an explicid reference point, leaving one to spectulate whether its an advantage compared to a competitor. Second there is often no distinction between what the organization does well that is valued by the customer and skills and resources the customer does not value (Day, p. 72). Judgements concerning strengths and weaknesses should be informed but not confirmed by history or "what should be". They should be measured by their influence to sustain a competitive advantage or disadvantage with competitors.

Planning assumptions are inherent in stakeholder needs and wants, customer initiatives, market trends, technological breakthroughs, and so forth. Assumptions are the basis for projections in an analysis of the external and internal environments. It is critical that the Executive Board be explicit about the accepted assumptions so they can be presented up front for what they are. Furthermore, it is key that the Executive Board evaluate and consider the impact on the organization's success should assumptions develop in an unanticipated manner. This contingency planning should cover the best- and worst-case scenarios, the impact on the organization's future success, and how the organization might deal with the alternate scenarios (Smith, p. 50).

Keep in mind that trends may predict the future in some cases, but usually only if all other variables remain constant—something that rarely happens. In proactive strategic planning, the organization may impact one or more of the variables so the outcome will be more favorable than if it had simply waited for the occurrence and then reacted.

Step 5. Identifying and Developing Key Strategic Issues

State strategic issues as questions that—
- Examine how the organization relates to its external and internal environments.
- Define a problem.

Identify the key strategic issues.

Group key issues chronologically—
- Near term.
- Midterm.
- Long term.

Examine and prioritize each key issue.
- State the issue as a question.
- State why it is an issue.
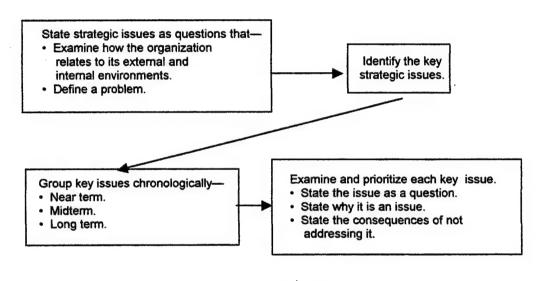- State the consequences of not addressing it.

Figure-7

A strategic issue is a fundamental policy choice affecting the organization's mandates, mission, values, product mix or service level, users, cost, financing, organizational structure, and management style. Strategic issues generally emerge from the way the organization chooses to, or is forced to, relate to its external and internal environments (Bryson, p.139).

The purpose of this step in strategic planning is to identify the fundamental policy choices or courses of action facing the organization. At the end of this step, the Executive Board will have a list of the key strategic issues arranged in three categories: near term, midterm, and long term.

The first action in this step is for the Executive Board to brainstorm and write down as many strategic issues as members can think of, phrased as questions (Bryson, p. 149). Strategic issues are most useful when they define a problem, so the Executive Board can easily move on in later steps to suggesting courses of action in solving the problem. An example of a key strategic issue is: "How does the organization deal with a 22 percent reduction in work force by FY 2001?"

These questions should be written down on paper and passed to each member or copied onto a large paper and posted on the walls. This will aid the Executive Board later in identifying key strategic issues. Brainstorming as a group will help the Executive Board avoid repetition and allow individuals to build upon the ideas of others. Remember, this step focuses on issues, not answers. Answers will be developed in **Step-6** of the strategic-planning efforts.

Key Strategic Issues

Once the Executive Board has compiled a list of strategic issues, ensure that all Executive Board members have a copy of all the issues or, better yet, post the list in large print on the walls. The next step in the strategic-planning process is to prioritize and reduce the number of strategic issues so that those remaining will be considered **key strategic issues**. Key issues require an immediate response and cannot be handled as part of an organization's normal strategic planning cycle.

One effective technique to do this is multi-voting. Each Executive Board member gets a number of votes equal to at least one-third of the total number of issues. For example, if the list contains 60 issues, each member gets 20 votes to use on those issues he or she thinks are most important. Compile the votes to achieve a ranking and reduce the list by eliminating those items with the fewest votes. Repeat this process on the remaining strategic issues until a manageable number of issues remain. The resulting issues become a list of key strategic issues.

The key strategic issues should then be grouped into one of the following categories:

- Issues that require immediate response (near term - 0 to 2 years).

- Issues that can be handled as part of regular business activity (midterm - 3 to 8 years).

- Issues that require no immediate action, but must be continuously monitored (long term - 9 to 20 years).

Developing Key Strategic Issues

Next, each key strategic issue must be further analyzed. The key strategic issues should be divided among the Executive Board members who will individually write brief descriptions of each issue by answering the following questions (Bryson, p.149):

- What is the issue? Be sure to phrase the issue as a question about which the organization can take action.

- Why is this an issue? What is it about the conjunction of mission and mandates, external opportunities and threats, or internal strengths and weaknesses that makes this an issue?

- What are the consequences of not addressing this issue? What could happen to the organization and its stakeholders if this issue is not addressed? Or, if the issue is already being addressed, is it being addressed adequately?

Once all the key strategic issues have been developed, Executive Board members should exchange and read all issue statements, making notes on items that should be included or excluded. The Executive Board should then discuss each issue as a group. This allows another chance to amend the key strategic issues.

Further prioritization, if required, should be accomplished by achieving consensus through the multi-voting techniques previously used. Once this has been accomplished, the Executive Board should finalize the key strategic issues list and post it in view of the entire team.

Step 6. Formulating Strategic Goals and Objectives and Key Performance Indicators
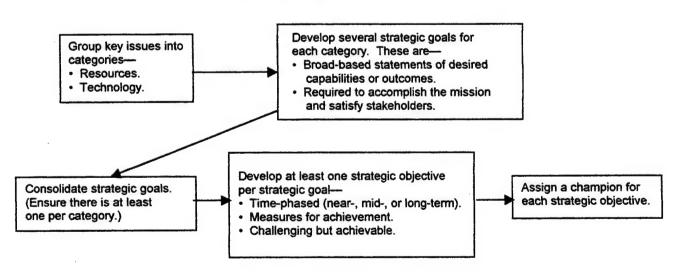

| Group key issues into categories—
• Resources.
• Technology. | Develop several strategic goals for each category. These are—
• Broad-based statements of desired capabilities or outcomes.
• Required to accomplish the mission and satisfy stakeholders. |

| Consolidate strategic goals. (Ensure there is at least one per category.) | Develop at least one strategic objective per strategic goal—
• Time-phased (near-, mid-, or long-term).
• Measures for achievement.
• Challenging but achievable. | Assign a champion for each strategic objective. |

Figure-8

The definition for strategic goals, objectives, and strategies are:

- **Strategic goal:** A broad-based statement of desired capability or outcome required to accomplish the organization's mission and satisfy the stakeholders.

- **Strategic objective:** A time-phased accomplishment that is required to realize the successful completion of a strategic goal.

- **Strategy:** A specific, measurable action required to achieve a strategic objective. The essential character of a strategy is that it relates ends to means. Good strategies must be explicit in stating the ends, ways, and means.

The following is an example of the strategic planning process:

- Measure-of-success statement by President John F. Kennedy: "I believe this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the earth. No single space project in this period will be more impressive to mankind, or more important for the long-range exploration of space."

- Strategic issue: What should our response be to the USSR's advancement in space as it relates to our national security?

- Strategic goal: Regain the lead in space by landing a man on the moon and safely returning him to the earth.

- Strategic objectives:

> ➢ Put a man in orbit by 1961.
>
> ➢ Walk and dock in space by 1964.
>
> ➢ Develop a suitable spacecraft to travel to the moon's surface and return to earth by 1967.

- Strategies (implementation):

> ➢ Hire engineers and scientists to develop a suitable spacecraft and associated equipment through NASA laboratories and test facilities immediately.
>
> ➢ Select and train astronauts for each phase of the program.

Formulating strategic goals and objectives is the most challenging aspect of developing a Strategic Plan. This step is very critical because without strategic goals and objectives, no implementing actions or strategies can be identified and developed.

As previously stated, a strategic goal is a broad-based statement of desired capability or outcome required to accomplish the organization's mission and satisfy the stakeholders. A strategic objective is a time-phased accomplishment that is required to realize the successful completion of a strategic goal.

Strategic objectives should be divided into—

- Near term

- Midterm

- Long term

When the Executive Board develops strategic goals and objectives, they are outlining the fundamental choices that the organization faces (Bryson, p. 163). The following actions may help prepare to identify goals and objectives:

- Review the divergence between where the organization is now and its mandates and mission (steps 2 and 3).

- Analyze the opportunities, threats, strengths, and weaknesses (step 4).

- Reexamine the key strategic issue list that you drafted at the end of step 5.

Begin by looking for common threads that run through the key strategic issues. Try to group the issues into categories, such as resources, technology, and so forth. The Executive Board decides which headings and how many are appropriate for the key issues.

Keep in mind that there may not necessarily be a one-to-one relationship between strategic goals and key strategic issues. Key strategic issues may fall into similar categories. For example, the Executive Board may have identified several key issues that could be grouped together as resource or technology issues. When creating strategic goals and objectives, group key issues with a common thread into a goal.

Examples of key strategic issue groups:

Category 1: (Example: Technology Issues)

Category 2: (Example: Resource Issues)

Category 3: (Example: Personnel Issues)

Drafting Strategic Goals

After all the key strategic issues have been grouped into similar categories, the Executive Board is ready to begin creating the first draft goal. Strategic goals are broad-based statements of desired capabilities or outcomes required to accomplish the mission and satisfy the stakeholders. Its important to get "above the trees" to the macro level, and look into the future. Goal statements typically go through many drafts so don't get hung up on wording. If one is too difficult or contentious, put it aside and come back to it later.

At this point, the Executive Board should brainstorm and develop several strategic goals to deal with each category. This should be a "no holds barred" exercise where participants are asked to be imaginative and look outside existing paradigms. The Executive Board should list as many possible strategic goals for each issue as possible. Be as open minded as possible, like President Kennedy in his call for Americans to put a man on the moon.

One can imagine that President Kennedy had many possible responses to the threats the nation faced from the Soviet Union's advances in space. He could have done nothing or he could have suggested a more cautious approach of trying to mirror Soviet advances; but he called for bold, new, far-reaching action and set a new national goal. In doing so, President Kennedy raised the stakes and energized the nation toward meeting a goal that had profound payoffs, making the United States the undisputed leader, not only in space, but in nearly all areas of science and technology.

What are the strategic goals that address each key strategic-issue category?

Category 1: Technology
- Goal 1: (Technology)...
- Goal 2: (Technology)...

Finalizing Strategic Goals

After the Executive Board has developed a list of strategic goals for each category that address the key strategic issues, it must agree on specific goals. In most cases, it will be possible to identify a single strategic goal that will have within its scope all the issues in a particular category. However, on occasion, categories may require more than one goal. At the end of this process, you should have at least one strategic goal per category.

Drafting Strategic Objectives

Strategic goals are supported and further defined by strategic objectives. Strategic objectives are time-phased accomplishments that are required to realize the successful completion of a strategic goal. Remember President Kennedy's strategic goal of landing a man on the moon and returning him safely to the earth? To realize President Kennedy's strategic goal, there were many strategic objectives that had to be fulfilled. For example, putting a man in orbit, walking and docking in space, and developing the necessary spacecraft.

For strategic objectives to be of most value, they need to be easily understood, suggest ways of measuring their achievement or nonachievement, and have a good balance between challenge and achievability. Key performance indicators appropriate to each activity will measure achievement of each strategic objective. Credibility and inspiration will follow if the strategic objective appears to be not too ambitious, but significantly advanced beyond today's status quo; for example, just out of reach so you have to "stretch a bit" to realize the objective.

Questions to ask about proposed strategic objectives are—

- Do they suggest some means for measuring their accomplishment? What are the performance indicators going to be?

- Does the objective include a date by which it is to be achieved?

- Will the objective as stated be useful in driving or guiding the preparation of lower-level business plans?

- Is it challenging and bold enough to—

> ➢ Show personnel we want something other than just the status quo?
>
> ➢ Be stimulating and reveal the direction and aspirations for a better tomorrow?

- Do they appear achievable (realistic enough to have personnel convinced we're serious, not just dreaming)?

Conservative managers will try to set targets that they are reasonably sure they can meet. Risk takers will try to set targets that will be attractive to those allocating the resources or that appeal to the outspoken stakeholders. A balance is needed. If the probability of achieving the strategic objective is too low (10 to 20 percent), it may be exciting and challenging but personnel won't believe they can reach it and it will not motivate the workforce over the long term. The opposite is also true; too safe an objective with an 80 percent to 90 percent probability of success will not motivate employees to achieve higher levels of excellence (Champy, p. 3).

Strategic objectives are intended to inspire and motivate personnel to reach farther than they think they will be able to grasp. It is quite acceptable for their probability of success to be 50/50, whereas objectives in an operational plan must have a much higher certainty of being reached. Someone quipped, "There are no such things as unreasonable objectives, there are only unreasonable time frames!"

Another question that should be asked about the strategic objective is whether the purpose or reason is self-evident. Sometimes it is useful to add an explanatory phrase "in order to..."
There is no set number of strategic objectives that a given strategic goal must have, because the more challenging the goal, usually the more objectives it will have. Therefore, the Executive Board should work to develop as many objectives as necessary to realize the successful achievement of each strategic goal. This exercise can be done individually or in small groups using the following format:

```
┌─────────────────────────────────────────────────────────────────┐
│                                                                   │
│   Strategic goal #____ Time frame (near, mid, or long term):     │
│                                                                   │
│     Proposed strategic objective 1.                              │
│                                                                   │
│     Proposed strategic objective 2.                              │
│                                                                   │
└─────────────────────────────────────────────────────────────────┘
```

After identifying several possible strategic objectives for each strategic goal, the Executive Board should review the proposed objectives and limit them to those essential to meet the goal. This step should involve a great deal of discussion. Multi-voting may be used to decide on the final objectives. Specific time frames should be discussed and decided on where appropriate.

When the list of strategic objectives is complete, the final steps are to assign a champion for the success of each objective and for deciding on the key performance indicators to monitor progress toward achieving the objective.

Performance Indicators

As stated earlier, one essential feature of a well-written strategic objective is measurability. Therefore, the Executive Board, after narrowing down its list of strategic objectives, should address the question of how progress toward them can be tracked. It is more a matter of whether we are on the right track, rather than a matter of accountability. At this level, the Executive Board should be looking for gross, macro indicators—factors that will tell the organization if it is making progress toward a given strategic objective, such as decreasing unit costs, increasing customer-satisfaction levels, and so forth (Baldrige Award Criteria).

For most strategic objectives, there will be two or three key performance indicators that can be quantified and used to assess the success of the established directions. With strategic objectives sometimes reaching well into the future, the shape of the buildup or growth curve will have to be chosen somewhat arbitrarily and little value will come from establishing close-numerical tracking. Nevertheless, watching the performance indicators on all strategic objectives should be very helpful to the Executive Board's assessment of the chosen directions as the plan is implemented.

Step 7. Describing the Organization in the Future—Vision

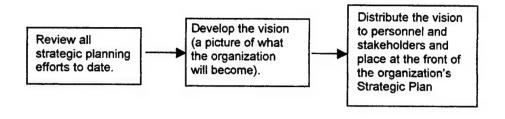| Review all strategic planning efforts to date.	→	Develop the vision (a picture of what the organization will become).	→	Distribute the vision to personnel and stakeholders and place at the front of the organization's Strategic Plan

Figure-9

VISIONING

"Conception precedes perception."

- Kant

The difference between a good organization and a great organization is the ability to envision the organization's success in the future and to create a clear and succinct description of what it should look like at the end of the planning horizon. As the mission outlines the purpose of the organization, the vision of success or description of how the organization should look when it is working well helps focus personnel on continuous improvement. There is no more powerful engine driving an organization toward excellence and long-range success then an attractive, worthwhile, and achievable vision of the future, widely shared (Nanus, p. 8).

An example of a description of success is found in the following statement made by Abraham Lincoln during his second Inaugural Address:

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

The Executive Board should wait until it has developed the strategic goals and objectives before developing a description of success. Waiting allows an organization to gained a strategic focus before developing its strategic vision. The description of success should create an image of an ideal future that maps back to the present to show personnel how their daily actions can help the organization achieve success. The description should be inspirational, having the following attributes:

- Focuses on a better future for the organization and its stakeholders.

- Encourages the hopes and dreams of all personnel.

- Appeals to common values.

- States positive outcomes of what the organization should be like.

- Emphasizes the strength of unity within the organization.

- Uses word pictures, images, and metaphors to describe what the organization should look like.

- Communicates enthusiasm and kindles excitement.

Creating the Vision

Since the Executive Board just finished developing all other elements of the Strategic Plan, most of the elements necessary for the description of success have been discussed and defined. The description should consider the following items:

- Vision: Describes how the organization looks, what it does, and how it operates when it is working well.

- Mission: What role does the organization exist to fill? The Executive Board clarified the mission in step 3.

- Basic philosophy and core values: The Executive Board discussed these issues in step 3.

- Strategic goals and objectives: This is the major outcome of the strategic planning exercise and represents the desired capabilities and outcomes, and the accomplishments needed to realize them.

- Performance criteria: How the organization defines success.

It may be helpful for the Executive Board to ask the question, "What would the organizational situation be, or what would you see in place at the end of the actual planning horizon, if we really were successful in our efforts?" This should lead to useful discussions of differing visions of the future. At this point the Executive Board will see an obvious gap between the current state of the organization and its envisioned state. It's upon this gap that the previously defined strategic goals and objectives were addressed. This approach, using a leap forward approach to thinking about what success is really desired, It will facilitate discussions of all the what questions and helps stave off the how.

One or more of the Executive Board members should draft the description of success. The description should be brief, never more than one page. It should portray a clear image of what the organization will become when it reaches its full potential and a sense that it is possible to arrive there safely.

After the draft description of success has been written, the Executive Board should discuss it as a group and agree on its content. Once consensus is reached, the Organizational leader should sign the document and it should be distributed to all personnel and key stakeholders. In addition, a copy of the description of success should be placed at the front of the Strategic Plan.

Step 8. Implementing the Strategic Plan

Figure-10

Actual implementation of the Strategic Plan will occur through business plans, which will specifically identify the measurable strategies and related tasks needed to satisfy the strategic goals and objectives. Appropriate business units will prepare and implement business plans. Each plan will include necessary strategies directly linked to and supporting the strategic objectives identified in the Strategic Plan.

The measurable strategies will have specific leader identification and accountability and will focus both on the next budget year and the Program Objective Memorandum (POM) time frame. Furthermore, each budget year will conclude with a formal internal assessment comparing budget-year results with the budget-year objectives stated at the beginning of the fiscal year. Established metrics will be used to accomplish the assessment.

"The best plan is only a plan; that is, good intentions, unless it degenerates into work. The distinction that marks a plan capable of producing results is the commitment of key people to work on specific tasks. The test of the plan is whether management actually commits resources to actions that will produce results in the future. Unless such commitment is made, there are only promises and hopes, but no plan."

Peter Drucker, The Practice of Management, Harper and Row, 1974, p. 128

The follow-on business plans are the heart of the system for carrying out its strategies, moving toward its strategic objectives and the future it envisions. The planning process should provide effective guidance to help ensure that the organization is not only working in a unified manner toward common goals but also doing the right things in the best interest of the armed services and our nation.

As implementation continues and actions are taken and results attained, it is critical to the health of the ongoing planning process that progress be monitored through key performance indicators and metrics. Furthermore, that feedback must be considered and acted upon in both the strategic- and business-planning arena if it is to be of value.

To underscore the importance of implementation: the Executive Board can prepare the best Strategic Plan ever devised; but, if it is not successfully implemented to the degree that it influences the behavior of the organizations day-to-day activities, planning efforts will provide little "value added" benefit to the organization.

BUSINESS PLANNING: CREATING THE BUSINESS PLANS

Sort out the Strategic Goals and Objectives relevant to the Business Unit

Strategic Objective>Measurable Strategy>Task>Measure
Strategic Objective>Measurable Strategy>Task>Measure
Strategic Objective>Measurable Strategy>Task>Measure
Strategic Objective>Measurable Strategy>Task>Measure

Budget Year   = Strategic Objective>Measurable Strategy>Task>Measure
1st Program Year = Strategic Objective>Measurable Strategy>Task>Measure
2nd Program Year = Strategic Objective>Measurable Strategy>Task>Measure
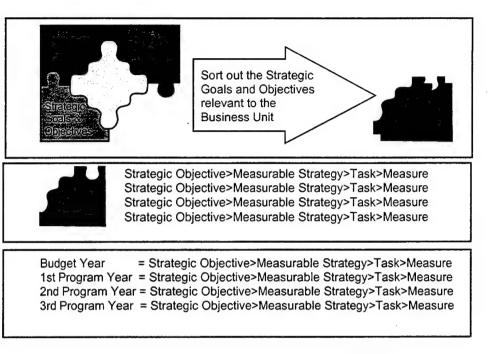3rd Program Year = Strategic Objective>Measurable Strategy>Task>Measure

Figure-11

Business planning, which is resource-constrained planning, is a major effort in the planning process. The appropriate business units, commanders, or directorates will prepare and implement business plans.

The purpose of preparing business plans is to specifically identify the measurable strategies and related tasks needed to satisfy the strategic goals and objectives identified in the Strategic Plan. Because business planning is resource constrained, resources and resource shortfalls should be identified for each strategy and related tasks included in each business plan. Resources include people, dollars, facilities, and new capabilities needed.

Recall that our effort to this point has been to determine the what for the organization. Strategies are the first step in answering the how. They form the "top of the pyramid" in the business plans, which specifically define how the organization will attain its strategic goals and objectives.

The first step in preparing business plans is actually the first step in the implementation process—developing measurable strategies. This step should occur in each business unit by first determining which strategic goals and objectives are applicable to their organization based on their mission, how the strategic objectives will be implemented, and how individual strategies will be linked to the objectives and what measures will be used to gage success.

34

A strategy is a specific action required to achieve a strategic objective. Take the example of President Kennedy's landing a man on the moon speech. The strategic goal was to land a man on the moon and return him safely to the earth. The strategic objectives were to put a man in orbit, walk and dock in space, and develop a spacecraft. Strategies are how the objectives are achieved. A strategy in this example was to hire engineers and scientists to develop a spacecraft and equipment. Another strategy was to select and train astronauts. All of these required specific, time-phased actions to satisfy the higher-level strategic objectives.

Each business unit should now begin identifying measurable strategies and considering a variety of strategy alternatives along with consideration of sequencing complimentary actions. In addition, they should think of creative approaches that are different from the standard business as usual strategy.

Since it will be necessary to identify particular programs in budget- and POM-year time frames, it is suggested that strategies be grouped temporally as they are finalized. Recommend the reader review U.S. Office of Management and Budget, Circular NO. A-11, Preparation and Submission of Budget Estimates, which provides instructions and guidance for the preparation and submission of annual budgets and associated materials required during the budget process.

To begin this process, the leadership in each business unit may want to divide the strategic objectives among small groups and select one individual to act as champion for each group. Each group should then identify as many strategies as possible for each strategic objective by using the following format:

```
Goal #_____, Objective #_____, Strategies:

1.


2.


3.
```
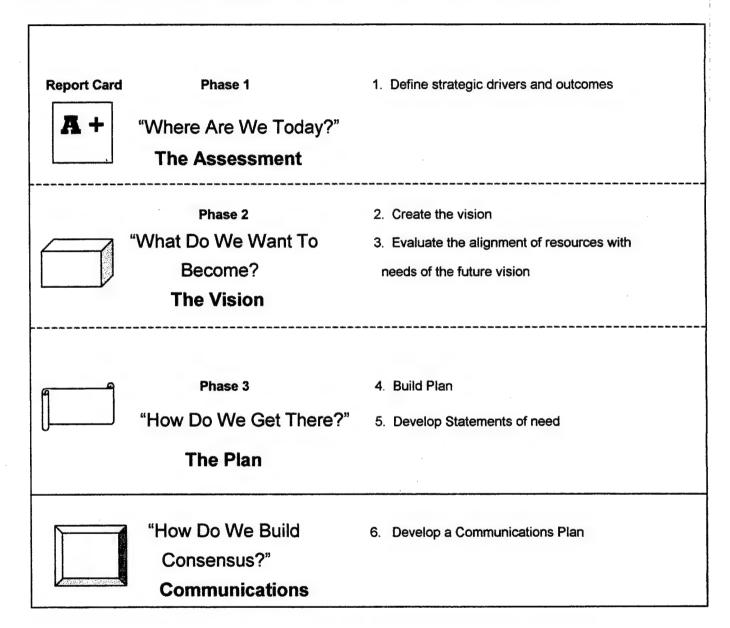
In developing strategies, each group should also consider possible barriers to the implementation of each strategy. A barrier is anything that may block or impede the use of a particular strategy. The consideration of barriers at this point helps ensure that implementation difficulties are dealt with directly rather than haphazardly. It is essential to assess the barriers to strategy implementation and decide if alternative strategies could contribute more to fulfill the strategic objectives.

```
Objective #_____, Strategy #_____, Barrier:


Objective #_____, Strategy #_____, Barrier:
```

After identifying possible strategies, each business unit should develop a final listing of measurable strategies. Then, identify the tasks required, using existing resources, to implement each strategy. A task is a specific, measurable action required to complete a strategy.

Strategies and tasks should be grouped by those requiring action during the next budget year and those requiring action during the POM-year time frame. With the conclusion of this step, each business unit has identified measurable strategies necessary to achieve the strategic objectives of the Strategic Plan. This information will form the basis for follow-on programming and budgeting activity.

Use the following format to identify those tasks that need to be initiated within the next budget year to implement each strategy.

```
Goal #_____, Objective #_____, Strategy #_____:


Task _____


Task _____


Task _____
```

Use the following format to identify those tasks that need to be initiated within the POM-years time frame to implement each strategy.

```
Goal #_____, Objective #_____, Strategy #_____

Task _____


Task _____


Task _____
```

In summary the planning effort can be broke down into three distinct phases: Conducting the assessment, building the vision, and creating the plan.   An ongoing two-way communications effort is required to support the process throughout.

Report Card	Phase 1	1. Define strategic drivers and outcomes
A +	"Where Are We Today?" **The Assessment**	
	Phase 2 "What Do We Want To Become? **The Vision**	2. Create the vision 3. Evaluate the alignment of resources with needs of the future vision
	Phase 3 "How Do We Get There?" **The Plan**	4. Build Plan 5. Develop Statements of need
	"How Do We Build Consensus?" **Communications**	6. Develop a Communications Plan

Completion of a planning cycle is not an end in itself, but a means to a further end. One of the by products of strategic planning will be publication of the Strategic Plan—a thoughtful digest of the organization's thinking and discussions, summarized in as few pages as possible. It should be understood that the published plan is no more than a snapshot in time and that the strategic-planning process will continue. However, given the strategic view, one would expect it to remain useful for

possibly several years. Although not the primary focus of the strategic-planning process, the published plan can help communicate the strategic intentions to personnel, various stakeholders, and other interested parties.

There are many tools that can be used to assess whether an organization is making progress toward achieving the goals and objects crafted in the strategic plan. One of the most effective used throuhout industry and governmental organizations is the Baldridge Award. It is a comprehensive self evaluation of an organization that is graded by certified examiners.

Strategic planning requires the organization's senior leader to be its champion. He is the one person who can consistently push an organization to make the strategic-planning process work. Strategic planning focuses on what is fundamental and what its real mission is, and it sets the stage to do the hard work to satisfy stakeholders. To counteract resistance from naysayers, people need to be inspired and led. The leader must have a clear and forceful vision and be able to deliver it with heartfelt conviction. He must unite people, get them to pull together, and kindle excitement about how today's tasks will help shape a more desirable future. Jack Welch, Chairman and Chief Executive Officer of general Electric is an example of this type of leader and champion (Lowe, 1998).

In retrospect, most people feel that the planning process was of more value than the plans themselves. It is the debating, sharing of convictions and doubts, and pondering that are most valued.

George Washington, just before the beginning of the Constitutional Convention in 1787, recalled hearing whispers from his fellow deputies of the need for caution and for being careful not to propose too bold or innovative ideas, which might be opposed. He spoke out against the idea offering half measures that were sure to succeed rather than risk whole measures that might fail and discredit the delegates.

"It is too probable that no plan we propose will be adopted. If to please the people, we offer what we ourselves disapprove, how can we afterwards defend our work? Let us raise a standard to which the wise and honest can repair..."

Carl Van Doren, The Great Rehearsal, Penguin 1986, p. 15.

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GLOSSARY OF TERMS AND ACRONYMS

Business planning. Resource-constrained planning by appropriate business units resulting in the preparation of business plans to implement the strategic goals and objectives identified in the Strategic Plan. Implementation is accomplished through specific, measurable strategies and related tasks (the how to get things done) contained in each business plan. The strategies and related tasks are the link between the programming and budgeting process and the strategic plan.

Business unit. An organizational element that reports to the organization's commander, obtains resources, and executes a budget.

Core value. A common value and belief that the organization lives by and is reflected in our daily decisions and actions. A core value shows how the organization relates to its environment, how it handles facts and discovers truth, and how it views human nature.

Customer. A specific stakeholder for which the organization exists to support, who is generally the prime benefactor of the organization's efforts.

Executive Board. The central management authority for the organization, including oversight for the system of management. The Executive Board consists of the senior-level decision makers in the organization. It approves the prioritization of customers' needs, handles external policy, decides high-level internal policy issues, and provides leadership for the strategic vision and resulting plans.

Government Performance and Results Act of 1993 (GPRA, PL 103-62). A law that creates a long-term process to improve federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. The intent is to help the federal government to operate more like a business. The process will create standard goal-setting and performance-measurement procedures in all federal agencies and will require each agency to submit a strategic plan and an annual performance plan and performance report.

Mission statement. A statement that describes the organization's reason for existence. It is broad and is expected to remain in effect for an extended period of time. It also identifies who the organization's customers are and who must be satisfied to achieve success. In brief, it addresses who, what, where, when, and why.

Planning process. The ongoing process by which the Executive Board envisions its future and develops the necessary procedures and operations to achieve that future. This process includes developing, maintaining, and using the Strategic Plan and related business plans.

POM Program Objective Memorandum

Stakeholder. Any person, group, or organization that can place a claim on the organization's attention, resources, or output, or is affected by that output.

Strategic goal. A broad-based statement (documented in the Strategic Plan) of desired capability or outcome required to accomplish the organization's mission and satisfy the organization's stakeholders. A strategic goal focuses on what needs to be done to reach the organization's vision, not on how it needs to be done.

Strategic issue. A fundamental policy choice affecting the organization's mandates, mission, values, product or service level and mix, users, cost, financing, organizational structure, or management. Strategic issues generally emerge from the way the organization chooses to, or is forced to, relate to its external and internal environments.

Strategic objective. A time-phased accomplishment (documented in the Strategic Plan) that is required to realize the successful completion of a strategic goal. A strategic objective should be easily understood, suggest ways of measuring its achievement or nonachievement, and have a good balance between challenge and achievability.

Strategic planning. Planning by the Executive Board resulting in the preparation of a plan that identifies the organization's mission, vision, and strategic goals and objectives. It is the common linkage between mission and task for all planning, programming, and budgeting.

Strategic vision. A brief statement that envisions the organization's future by creating a clear and succinct description of what the organization will look like at the end of the planning horizon if it is totally successful in all of its programs. It provides the ultimate direction toward which all planning and programming will head.

Strategy. A specific, measurable action (documented in the business plans) required to achieve a strategic objective.

Task. A specific, measurable action (documented in the business plans) required to complete a strategy.

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